

# NOREF Report

## China's impact on conflict and fragility in South Asia

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### Executive summary

China is expanding its engagement across South Asia, with significant implications for the region's most fragile states. Western donors and peacebuilding actors are aware of this changing context and concerned about their resulting loss of influence. Yet they have so far failed to develop a coordinated response or to engage effectively with China regarding its impact on fragility within the region.

China has interests in and engages with Pakistan, Afghanistan, Sri Lanka and Nepal. China's growing influence in these countries shapes conflict dynamics and prospects for sustainable peace. Key elements of Chinese policy have particular importance for peace and security in

South Asia. These include China's geostrategic rivalry with India; economic expansion and natural resource requirements; non-interference principles; prioritisation of regime stability; and resistance to multilateral cooperation. There are entry points for international actors to engage with China in order to promote a more constructive non-interference policy and achieve a deeper and longer-term approach to stability, increased conflict sensitivity in investments and greater Chinese involvement in multilateral peace and security initiatives. Perhaps most critically, there are ways in which external actors can best understand and respond to the impact of Sino-Indian geostrategic competition on South Asia's fragility.

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## Introduction

China's influence across South Asia is increasing as it deepens political relationships and economic engagement with the region's smaller states. This is unsurprising given China's regional and global power aspirations and the importance of South Asia for China's security, economic growth and resource access. However, South Asia is a fragile region, characterised by poor governance, internal armed conflict and deep socioeconomic, ethnic and religious divisions. China's growing presence inevitably has consequences for this fragility.

Chinese engagement has an impact on fragility dynamics in four of South Asia's most fragile states: Pakistan, Afghanistan, Sri Lanka and Nepal. What emerges is a complex picture, with some aspects of Chinese policy fuelling conflict while others reduce it. What is clear is that China's engagement within South Asia is shaped by a few key interests and principles. These include its geostrategic competition with India; its need for external economic expansion and resource access to fuel its growth; its preference for strong and stable regimes; and its principles of non-interference and suspicion of multilateral action. It is vital that the international peacebuilding community understand China's interests and impact within South Asia's fragile states in order to adapt each country's own responses to this changing context.

## Pakistan

China and Pakistan have been close allies since the 1950s, with China proving "a steadfast and reliable friend in a very volatile region" (Mezzera, 2011: 3). Over the decades China has provided Pakistan with extensive military and economic assistance (including nuclear transfers) and diplomatic support on the international stage. China's main interest is to maintain Pakistan as a viable rival to India within South Asia, thereby reducing India's regional power and keeping its military focused on its Pakistani rather than Chinese border. China's engagement in Pakistan is also shaped by two other key interests: the desire to create a trade and energy corridor to

the Gulf and Africa, and the need to control the Uighur separatist movement.<sup>1</sup>

Pakistan's rivalry with India is undoubtedly a major cause of its internal fragility. This rivalry has resulted in military dominance of the state at the expense of democracy and development, as well as state support for *jihadi* groups operating against India – which ultimately created space for Pakistan's own internal insurgencies. Although this rivalry has historical roots unrelated to China, China's policies have fuelled it. China's supply of military hardware and nuclear technology to Pakistan raises tensions between India and Pakistan, and its preference for engaging directly with Pakistan's military contributes to military dominance inside the country. However, China's support to Pakistan is shaped by its strategic competition not only with India, but also with the U.S. The way that China uses support to Pakistan to counterbalance U.S. ties with India can be clearly seen in the 2010 announcement that China would supply two new nuclear reactors to Pakistan, in direct response to a U.S.–India nuclear deal.

However, relations between Pakistan and India have recently begun to improve. In 2011 the two countries resumed composite dialogue and Pakistan granted India most favoured nation status.<sup>2</sup> How China responds to this improving relationship will be critical in determining its sustainability, especially given the Pakistani military's opposition to any friendly moves towards India. The extent to which China accepts a genuine reduction in India–Pakistan tension depends not only on the shifting relationship between Beijing and New Delhi, but also on how China perceives the future of U.S. engagement in the region.

China is deeply concerned about insurgency in Pakistan and has provided Pakistan with significant counter-insurgency assistance. China's concerns relate particularly to support and training provided to Uighur separatist groups

1 The Uighurs are a Muslim ethnic community based in Xinjiang region, which borders Pakistan. They have a strong separatist movement that demands independence from China.

2 The Composite Dialogue Process between India and Pakistan was initiated in 1997 and enables the two countries to discuss a range of issues – including the status of Kashmir – simultaneously. It had been suspended since the Mumbai terrorist attacks of 2008.

by Pakistani insurgents and to insurgent attacks on Chinese investments and workers.<sup>3</sup> More broadly, China fears that a spreading insurgency, combined with political and economic crisis, could weaken Pakistan to the extent that it will no longer be a useful regional ally. Small suggests that, "While China continues to express faith in Islamabad, doubts have inevitably been creeping in as militant groups have become stronger and the lines between them have become less clearly delineated" (Small, 2010: 92).

Whereas China's counter-insurgency assistance may help tackle immediate security challenges, it will not address Pakistan's broader causes of fragility. These are primarily related to poor governance and are in fact exacerbated by China's fuelling of India–Pakistan tensions and support to Pakistan's military. Moreover, until now China's approach has been either to demand that Pakistan crack down on specific groups that target China, or make deals with insurgents not to attack Chinese interests. Neither approach encourages the Pakistani state to address the broad spectrum of extremism and militancy within its borders, which so profoundly destabilises the country. However there are indications that this may finally be changing, with China beginning to demand an end to all militant havens (Ahmed, 2012).

China has invested heavily across Pakistan's economy, and trade between the two countries has grown rapidly in the last decade. Pakistan is in deep economic crisis, with growth stagnating, foreign direct investment (FDI) falling, and unemployment and price rises causing unrest. In this context, Chinese investment is increasingly important to Pakistan's economy. However, there is debate over the extent to which Chinese investment promotes equitable growth and jobs, or actually undermines national industries, reduces international pressure for reform and fuels local grievances.

China's most controversial investments are its big infrastructure projects. These tend to further China's strategic interests, but have provoked local anger and raised tensions with India. Chief

among these is Gwadar port in Baluchistan. As is common with Chinese-financed projects, this was carried out using Chinese contractors and procurement, with limited benefit to the local population. The development has fuelled anger among the Baluchi population, as well as heightening Indian anxiety about China's growing presence in the Indian Ocean. Although the port has strategic potential for China as an energy route and naval base, so far it has been plagued by security problems and delivered little.<sup>4</sup>

Another highly controversial Chinese project is the upgrading of the Karakoram highway (linking Xinjiang with Pakistan), apparently including plans for a rail link. This project has the potential to open up new trade and energy routes for China, but is of significant concern to India. India is anxious about these transport links running through Gilgit Baltistan (a politically sensitive area that forms part of the disputed Kashmir region); diverting Chinese trade that would otherwise pass through India; and having the potential to transport the People's Liberation Army (PLA) to the Indian Ocean. Almeida (2012) points out that the Karakoram highway has also increased sectarian tensions in Gilgit Baltistan by drawing Sunni migrants into this sensitive Shia region. It appears that China's economic engagement is a mixed blessing. Although Pakistan desperately needs investment to stimulate its economy, in some cases Chinese investment is increasing Pakistan's fragility in terms of local unrest and regional tensions.

Pakistan's great strategic importance to China means that China is unlikely to cooperate with international actors regarding Pakistan. Moreover, Chinese and Western actors take divergent views on core issues such as the importance of democracy, the role of Pakistan's military or the desirability of ending India–Pakistan tensions. However, the West and China do have some shared interests that could form a basis for greater dialogue. Both China and Western states want to see stability, an end to insurgency and economic growth in Pakistan. The international

3 In February 2012 China publically stated for the first time that Uighur insurgents had links to terrorists in Pakistan.

4 The first phase of Gwadar port's construction ran from 2002 to 2006; the second phase, begun in 2007, is still ongoing. The port has so far received little commercial business and its potential is currently limited by lack of communications infrastructure and by the poor security situation in Baluchistan province.

community should persuade China that its long-term interests are served by addressing the full range of insurgency in the region – as well as the grievances behind it – rather than just limiting its exposure to insurgency. Likewise, the International Monetary Fund (IMF) and Western donors have been pushing Pakistan to undertake much needed economic reforms. Greater Chinese collaboration with the IMF regarding Pakistan would significantly increase pressure on Pakistan's elite to deliver reform. Western actors should convince China of the need for this.

It is possible that China may become more open to limited international cooperation on Pakistan. Pakistan's crises make it a less useful ally and China would not want sole responsibility for a collapsing Pakistan. China therefore needs the U.S. and others to stay engaged. Moreover, NATO withdrawal from Afghanistan will reduce China's anxiety about U.S. encirclement and may force it to take a more active regional security role. Both developments could encourage greater Chinese multilateral cooperation. Moreover, Ahmed (2012) claims that Chinese and U.S. officials recently held their first high-level talks on Pakistan, in a sign that China's approach may already be shifting.

## Afghanistan

Afghanistan has never had great importance for China and relations between the two countries have historically been limited. China did not recognise the Taliban government – although Beijing maintained covert dialogue with it – and bilateral relations were formally re-established in 2001. China's primary interests in Afghanistan are security and economic ones. China wants to end the U.S. presence in its neighbourhood; prevent Afghanistan from becoming a regional centre for Islamic extremism; gain access to Afghanistan's large mineral deposits; and avoid a civil war that could destabilise the region. China has come to dominate Afghanistan's neighbourhood and will play a critical role in shaping Afghanistan's future.

China's approach to the NATO conflict in Afghanistan has been contradictory. It supported UN resolutions that authorised international action but was deeply uncomfortable with the resulting

U.S. military presence in its neighbourhood. Although China does not want to see any lasting Western presence in Afghanistan, it also does not want the full return of the Taliban, who consistently supported Uighur separatists when in power. China has deliberately kept a low profile in Afghanistan – limiting its political and economic engagement and refusing to participate in multilateral efforts – in order to avoid becoming a terrorist target. However, this “hands-off” approach cannot be taken entirely at face value, as China has used Pakistan to further its interests in the country. As Small points out, “Beijing expects Pakistan to accommodate and protect its interest in Afghanistan and its preference over the country's political future” (Small, 2012: 2).

As NATO withdrawal approaches, China is stepping up its economic, political and security engagement in Afghanistan. China has initiated some major economic projects in Afghanistan in recent years, including the Anyak copper mine and the development of Afghanistan's oil and gas reserves. China is now Afghanistan's biggest foreign investor and its economic importance is likely to grow as Western aid and investment into Afghanistan decline after 2014. Swaine (2010: 7) argues that China is well placed to make big investments in Afghanistan as its state-owned corporations are “uniquely risk tolerant” and its neutral status within the country reduces the likelihood that its investments will be attacked.

If well managed, there is no doubt that Chinese investment has the potential to stimulate growth and development and reduce fragility in Afghanistan. However, the Anyak mine experience – as well as China's record as an investor in other contexts – raises some concerns. The Anyak project has been plagued by accusations of corruption, progress has been very slow, and it appears that the Chinese contractors may not deliver on commitments regarding amenities and royalties. In order to ensure that Chinese investment fuels development rather than corruption and conflict in Afghanistan, Western actors should support Kabul to manage these investments effectively. This could include support to improve the transparency of public procurement and investment contracts; building the capacity of the Afghan population to take jobs in the mining

sector and of Afghan businesses to provide domestic outsourcing to Chinese firms; and ensuring greater corporate social responsibility by Chinese investors.

Beyond the economic sphere, China is also enhancing its political and security relationship with Afghanistan. In June 2012 China and Afghanistan upgraded their relationship to a Strategic and Cooperative Partnership, and in September 2012 the Chinese Minister for Public Security made the highest-level Chinese visit to Afghanistan in 50 years. Moreover, China is not just strengthening engagement with the government but, according to Small (2012), apparently also increasing its contacts with the Afghan Taliban. These actions indicate China's interest in playing a greater role in Afghanistan after 2014 and willingness to deal with whatever government may emerge.

Security collaboration includes recently signed agreements to allow for an exchange of security intelligence, counter-terrorism cooperation and increased training for Afghan security forces. This appears to be driven by Chinese frustration over Pakistan's failure to crack down effectively on Uighur militants and its resulting desire to diversify its regional security partners, as well as a broader interest in increasing China's security foothold in Afghanistan. Afghanistan will certainly require security assistance for many years and China may help to fill this gap. However, Chinese assistance is likely to remain very "light touch" as well as highly focused on state security, with the danger of overlooking the pressing human security issues that fuel grievances in Afghanistan.

China's interest in expanding its role in Afghanistan as NATO leaves raises the question of whether it could help broker a post-2014 political settlement. China's low profile and non-interference stance mean that it is viewed as neutral by most Afghan actors and is willing to work with whoever comes to power. Critically, its influence with Islamabad could help bring Pakistan on board with any deal. However, acting as a peace broker in such a messy conflict could put at risk China's neutral image and good relations with the main Afghan and regional players, ultimately threatening its economic and security interests in the region. If China does play any brokering role this would probably be done through the Shanghai Cooperation Organisation

(SCO), allowing China to preserve its low-profile approach.

The SCO has been active on Afghanistan issues since 2002 and admitted Afghanistan as an observer in 2012. Both China and Russia would like a greater role for the SCO in Afghanistan and some analysts believe that the SCO could provide a platform for political negotiations on Afghanistan's future. It is certainly well positioned to do so. The SCO is Afghanistan's natural economic and security partner. Its member and observer states not only represent all regional powers, but also carry great influence with the various factions inside Afghanistan. However, the SCO is not a cohesive group, its members and observers have conflicting interests in relation to Afghanistan, and it is unable to provide a security guarantee for any settlement. Despite these challenges the SCO may well be the best hope for a regionally supported political deal in Afghanistan. However, this will only happen with strong Chinese leadership and if China believes it has real chance of success. Western actors must engage more actively with China and other SCO members and observers regarding this potential role.

## Sri Lanka

China and Sri Lanka have always enjoyed good relations, but ties have strengthened significantly since President Rajapaksa came to power in 2005. China is currently Sri Lanka's biggest financier and defence supplier. Sri Lanka is important to China because of its position in the Indian Ocean, with 90% of China's imported energy passing through nearby sea lanes. For this reason China seeks a strong political relationship with Sri Lanka and finances its infrastructure development, including port facilities. However, China also cultivates this relationship in order to undermine India's dominance in South Asia.

The impact of China on conflict and fragility in Sri Lanka has been overwhelmingly negative. China supported Colombo to conduct a bloody end to its war with the Tamil Tigers (LTTE) and to avoid both accountability for war crimes and a political settlement for the Tamils. China's interest is to cultivate a stable and friendly partner in Colombo

and, under its non-intervention principle, China has backed all Colombo's policies. However, in such a context – where the state lacks legitimacy among a large proportion of the population – "neutral" support for the state actually involves taking sides in a political conflict. As Wheeler (2012: 44) points out, "noninterference is not a passive policy, but instead constitutes active support for the overwhelming precedence of the state". Moreover, although Beijing's actions may strengthen Rajapaksa's regime in the short term, by enabling the regime to resist demands for a new political settlement they will exacerbate Sri Lanka's long-term fragility.

During and after the conflict China provided international diplomatic protection for Sri Lanka. Together with Russia it kept the UN Security Council (UNSC) from including Sri Lanka on its formal agenda and watered down the statement on Sri Lanka that the UNSC finally put out. Together with other states, China blocked any meaningful action on Sri Lanka through the UN Human Rights Council and has repeatedly objected to UN initiatives to investigate war crimes in Sri Lanka. This obstruction meant that the international community missed important opportunities to call for restraint, to trigger humanitarian and responsibility to protect (R2P) responses, or to demand accountability once the war ended. Moreover, geostrategic rivalry meant that New Delhi also supported Colombo during the war for fear of losing further influence to Beijing, although it is now pressing for a political solution for the Tamils. This support by regional powers enabled Sri Lanka to ignore the concerns of the UN and Western states entirely.

China played a major role in providing arms for the conflict. It was the biggest arms supplier to the Sri Lankan military during the final years of conflict. However, the LTTE also gained access to a significant amount of Chinese weapons through false end-user certificates, raising questions about China's arms exports practices. In fact, the LTTE's extensive access to such arms was one reason why the end of the conflict was so protracted. Since the end of the conflict, China has provided training and funding to Sri Lanka's armed forces, and there are plans for joint operations. Although this military cooperation is relatively limited, given the unreformed nature of

the Sri Lankan military, any Chinese assistance serves to reinforce a bloated and irresponsible security sector.

China's primary engagement with Sri Lanka since 2009 has been as its biggest financier, providing large loans for infrastructure projects. Economic marginalisation was one grievance behind the conflict, and well-managed and equitable investment could help provide a peace dividend. However, there is little evidence that Chinese aid is serving this purpose. Most Chinese-funded projects are in southern and central Sri Lanka, rather than the conflict-affected north, and the lead contractors and suppliers for these projects are generally Chinese. This makes it unlikely that the benefits of this investment will reach Sri Lanka's most marginalised populations. Moreover, given high levels of land-related conflict, the role of the military in controlling land in the north and east, widespread corruption and the weak rule of law, such big infrastructure projects run a risk of exacerbating tensions unless managed sensitively. More broadly, these Chinese-funded projects lend legitimacy to Colombo's claims that it is delivering economic development as an alternative to the political solution that Sri Lanka's conflict requires.

Another important way in which China has affected conflict dynamics in Sri Lanka is by reducing the influence of Western actors. Since Sri Lanka graduated to Middle Income Country (MIC) status and lost access to bilateral aid, China's assistance has come to dwarf that of Western donors. This has made Western powers less able to press for peace, human rights or a political solution to conflict. However, Western powers have also limited their own influence in Sri Lanka by failing to coordinate effectively among themselves or to bring on board other regional players such as Japan. In the face of such strong Chinese influence it appears that some Western states are growing reluctant to promote normative values such as human rights, democracy and the rule of law within Sri Lanka. A U.S. Senate report argued that "The US cannot afford to 'lose' Sri Lanka. While humanitarian concerns remain important, US policy towards Sri Lanka cannot be dominated by a single [humanitarian and human rights] agenda" (U.S. Senate Committee on Foreign Relations, 2009: 3).

Without accountability for war crimes, respect for human rights and a political solution for the Tamils, Sri Lanka will remain profoundly fragile. It is highly unlikely that China will waver in its support for Colombo or engage with other international actors regarding Sri Lanka. However, New Delhi is growing frustrated with Rajapaksa. Western actors should seek to work with India, Japan and other regional powers to maintain pressure on Colombo and counter-balance China's influence.

## Nepal

Nepal's location between China and India makes it strategically important for both countries. Its internal politics are shaped by their rivalry and India's need for a buffer against China. Historically, Nepal has always been a close ally of India, while maintaining good relations with China. However, since the abolition of the monarchy in 2008 Nepal's new leaders have been increasing links to China, which they view as "a disinterested neighbor and a remarkably attractive alternative to 'Big Brother' India" (Bajpai, 2010). China's primary interest in Nepal is to ensure that the Nepali state suppresses political activity by Tibetan refugees and cooperates with Chinese security along the border. China's other goals are to increase its influence in South Asia and to open up new trade routes through Nepal.

China prioritises a strong and stable regime in Kathmandu that can protect Chinese security interests. Therefore Beijing has consistently backed the status quo. China supported the monarchy during the war and has been concerned over the political chaos and lack of a stable partner following the end of conflict. It has sought to cultivate relations with all of Nepal's political parties and in 2011 invited delegations from the four biggest parties to visit Beijing. However, there are indications that Beijing favours the Maoists, both because of their pro-China and anti-India position and because they are the strongest party.

China's role during Nepal's conflict was largely negative, as it continued to provide weapons to the Nepali military even once other states – such as the U.S., the UK and India – had imposed arms embargoes. However, China has mostly played a positive role in supporting peace consolidation

following the end of the conflict, especially in comparison with India. China has consistently urged Nepal's politicians to complete the stalled peace and constitutional processes. In contrast, India has micro-managed Nepali politicians, blocked key aspects of the Comprehensive Peace Agreement (CPA) and undermined Western support for the peace process. While China is promoting a stable Nepal that can further its long-term interests, India wants to maintain Nepal as its client state, even at the cost of continued instability. Campbell (2012a: 82) argues that "If India is seen to have a destabilising influence on Nepal's peace process while China has a broadly stabilising influence, then China's increasing engagement should have a positive effect in terms of peace and stability." Western actors in Nepal must understand how the country's position between an expanding China and a defensive India shapes its internal politics and prospects for peace.

China has dramatically stepped up its political, economic and security engagement in Nepal since 2008. In 2012 the Chinese prime minister visited Nepal for the first time in over a decade and announced a large increase in Chinese assistance. China has expanded its diplomatic and military delegations in Kathmandu and is promoting people-to-people exchanges and building China study centres across Nepal. India is deeply concerned about China's growing influence in Nepal and seeks to limit this by meddling in Nepali politics and through acts of reprisal when China–Nepal relations become too close. Nepal's 2011 petrol shortage may have been engineered by India in response to growing Chinese engagement (Campbell, 2012a).

Nepal's military is the country's most robust institution and is seen by China and India as a guarantor of stability. Although traditionally a close ally of the Indian military, Nepal's military is expanding its relations with the People's Liberation Army (PLA). China's military assistance to Nepal includes equipment, training, infrastructure and exchanges. However, this assistance programme does not promote the comprehensive security sector reform that Nepal desperately needs, instead strengthening a bloated and unaccountable security sector.

China's greatest engagement with Nepal is in the economic sphere. China has become one of Nepal's top five donors and has significantly increased its trade and investment in Nepal since the end of the conflict. China provides Nepal with large loans for infrastructure and hydropower projects. As poverty was a major driver of Nepal's conflict, Chinese investment could play an important role in reducing fragility by stimulating growth and development. However, this investment must be conflict-sensitive in order to avoid fuelling inequalities or shifting local balances of power. Chinese projects in Nepal mostly involve Chinese contractors and procurement of Chinese goods. This limits their benefit to Nepal's economy and risks creating local hostility. For example, in 2011 a Chinese factory in Narsingh district was the target of a bomb attack by local militias.

Chinese investments in Nepal contribute to Chinese–Indian tensions, with resulting consequences for stability in Nepal. For example, in 2008 plans were announced for a rail link from Tibet to Nepal. Although this rail link would undoubtedly benefit Nepal's economy, India is deeply concerned about it. Not only would it reduce Nepal's dependence on Indian ports and on Indian energy supplies, it could also provide a new gateway for Chinese goods into South Asia. However, India's greatest fear is that this rail link would allow the PLA quick access to its borders.

Nepal's substantial and influential Western donor community has so far failed to engage effectively with Chinese officials. Nonetheless, China and Western donors have significant shared interests in Nepal, which could form the basis for dialogue. Both want full implementation of the CPA, political stability and economic development. Although China is generally reluctant to engage in multilateral donor forums, it may be more willing to do so given these common interests.

Although China and Western donors both want peace and stability in Nepal, they have different conceptions of what type of peace and stability is desirable. Western donors want Nepal's peace to be inclusive and based on democratic governance. China is primarily interested in a strong state and a security apparatus that will

repress Tibetan refugees. As growing Chinese aid reduces the influence of Western donors, it may become easier for Nepali politicians to ignore the more challenging aspects of the peace agreement – such as human rights accountability – which are promoted by Western donors.

## Conclusion

The primary factor shaping China's engagement across South Asia is its rivalry with India, which is a significant driver of fragility within South Asia's smaller states. In Nepal and Sri Lanka – which fall firmly within India's "backyard" – this competition distorts national politics, undermines democracy and weakens international actors' ability to promote normative values. In Pakistan it has fuelled the development of a dysfunctional, military-dominated state. In Afghanistan, China–India competition for political influence and resource access is likely to play an increasingly negative role after 2014 unless a regionally backed settlement is brokered.

Tensions between China and India have heightened in recent years. Each country is expanding its political, security and economic engagement in the other's traditional spheres of influence and building up its military presence along their common border. Malik (2012) claims that the "official Indian perception of China has undergone a dramatic shift since 2006, with China now being widely seen as posing a major security threat in the short to medium term rather than over the long term." However, trade relations between the two powers are also growing fast, increasing their economic interdependence. It remains to be seen whether this mutual economic interest will outweigh their geopolitical rivalry.

What is clear is that the future of this relationship will significantly determine the possibilities for peace within South Asia. Although Western actors have little influence with either country, they should examine how their own actions affect China–India rivalry, support confidence-building measures between the two powers, and seek to draw both into multilateral engagement on peace and security. China and India increasingly use multilateral structures to facilitate their relationship and have a common interest in reform of the



international diplomatic architecture. Such reform could help bind both China and India into the international system as more responsible global security actors.

The nature of Chinese engagement in South Asia is primarily economic, as a major financier and investor. This role is generally viewed with suspicion by Western donors, who see it as undermining their own normative agendas. However, China can provide much larger resources than any traditional donor and is more likely to maintain economic engagement in South Asia over the long term. Western actors need to appreciate the opportunities that Chinese investment can provide in contexts such as Nepal, Afghanistan or Pakistan, where deep poverty and lack of economic opportunities fuel conflict. However, Chinese understanding of its economic aid as “neutral” in these contexts is problematic, as this aid clearly has a profound impact on internal politics and power relations. Western states and non-state actors seeking to promote an international peacebuilding agenda should engage with the Chinese policy community to make the case that conflict-sensitive investment is in China’s own interests. As China increases its engagement in fragile contexts, it will need to develop new policies to shape this involvement and could be open to learning about conflict-sensitive approaches of other actors.

China’s non-interference policy and unconditional aid enable it to maintain strong bilateral relations with third countries through periods of political upheaval, regardless of the regime in place. For example, China now supports Nepal’s Maoist-led government as consistently as it did the monarchy (although on the implicit “condition” that the new regime continue to repress Tibetan refugees). This approach can severely undermine international pressure for South Asia’s regimes to respect normative commitments, as seen in Sri Lanka. The international peacebuilding community must respond by coordinating more effectively and moving beyond aid conditionalities to find new multilateral approaches to promote normative values. However, as Campbell and others point out, “whatever the official line on non-interference, China’s engagement is – deliberately or otherwise – changing the political landscape in conflict-affected states” (Campbell, 2012b: 131). As

Chinese power grows, its non-interference policy becomes less viable. International actors should encourage China to take a more responsible approach that acknowledges its political influence and mobilises this for sustainable peace.

Across South Asia, China promotes strong and stable regimes by providing top-down support to strengthen state capacity. Although this does have a stabilising influence in some contexts, such as Nepal, it does not necessarily promote long-term peace. China is strongly focused on security and economic development and is uncomfortable with the Western peacebuilding agenda that prioritises inclusivity, political reform and participation. International actors should seek to draw the Chinese policy community into peacebuilding debates, as well as share perspectives about the need to address socioeconomic and political grievances in order to ensure sustainable peace and stability. However, given that the Chinese state employs a repressive, top-down approach to stability at home, little change can be expected in this area.

As China’s rising power reshapes the context for international peacebuilding, Western actors must seek to better understand China’s interests, the nature of its engagement and opportunities for influence. China is generally reluctant to share information or collaborate with Western actors, especially in Asia, where its strategic interests are at stake. However, Western actors need to expand their efforts to reach out to China on issues of peace and security. This must be done at the country level, in Beijing, where most policy is set, and through multilateral forums. Small-scale engagement between research and policy communities to explore differing approaches to conflict could provide a basis for greater official dialogue.

China wants to present itself as a responsible global power promoting peace, security and development. There is growing recognition in Beijing that China must become more involved in international security. This is reflected in China’s increased engagement in UN peacekeeping, contribution to the UN peacebuilding fund and endorsement of R2P. However, this move towards multilateralism is not reflected in China’s policies on the ground in fragile states such as Nepal and

Sri Lanka, where it actively distances itself from other donors and prioritises bilateral relations over multilateral collaboration. Western actors must seek to strengthen China's diplomatic engagement on peace and security through the UN, as well as draw China into other multilateral responses to conflict, including through donor forums, international financial institutions and regional groupings. Promoting China's full engagement in a multilateral peacebuilding agenda will be a slow and difficult process, but it is a necessary one.

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